

Message Text

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PAGE 01 KUWAIT 03953 170917Z

12

ACTION NEA-09

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BEIRUT PASS USINT BAGHDAD

EO 11652: NA

TAGS: BMEP BTIU EIND ENRG EMIN KU

SUBJ: MAJOR EXPORT: GOK CEMENT PURCHASE

REF: A) KUWAIT 3655 (NOTAL); B) KUWAIT 3830 (NOTAL)

1. EMBASSY HAS RECEIVED FURTHER INFO FROM LARGE KUWAITI CEMENT IMPORTER RE GOK'S SUDDEN INTEREST IN IMPORTING 600,000 MT CEMENT.

2. BUSINESSMAN CLAIMS KUWAIT CEMENT CO, WHICH PRESENTLY MANUFACTURES 300,000 MT CEMENT AND IS PLANNING TO DOUBLE ITS PRODUCTION AND MANUFACTURE NECESSARY CLINKER, IS HAVING DIFFICULTY RENEWING PRESENT SUPPLY CONTRACT WITH IRAQ FOR CLINKER ALL OF WHICH PRESENTLY MUST BE IMPORTED. THIS HAS CAUSED KUWAIT CEMENT TO DRASTICALLY REDUCE ITS PRODUCTION AND HAS CREATED SITUATION WHEREIN KUWAITIS MAY FIND IT CHEAPER TO IMPORT CEMENT RATHER THAN BRINGING NEEDED RAW MATERIAL FROM DISTANT SUPPLY SOURCES. FAILURE TO LOCATE CEMENT, WILL THREATEN KUWAIT'S BOOMING CONSTRUCTION INDUSTRY UNLESS STABLE SUPPLY OF LARGE QUANTITIES OF CEMENT CAN BE ASSURED. WHILE LOCAL SOURCE LIMSTONE HAS BEEN FOUND SUITABLE FOR MANUFACTURE OF CLINKER, IT WILL BE SEVERAL YEARS BEFORE PLANT IN OPERATION.

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PAGE 02 KUWAIT 03953 170917Z

3. BUSINESSMAN WHO NORMALLY DEALS WITH JAPANESE SUPPLIERS,

CLAIMS HE MAY NOT RPT NOT BE ABLE TO GET MUCH FROM JAPAN SINCE
HE BELIEVES SAUDIS MAY HAVE RECENTLY CONCLUDED DEAL FOR 400,000
MT JAPANESE CEMENT.

4. COMMENT WHILE THIS INFO UNVERIFIED, IT HAS RING OF TRUTH
SINCE GOK NOT RPT NOT KNOWN IN RECENT YEARS TO SO DIRECTLY
INTEREST ITSELF IN CEMENT IMPORTS. CEMENT PROBLEM, AS HAS BEEN
CASE WITH CERTAIN BASIC FOOD ITEMS, BRINGING HOME TO KUWAITIS
AND GOK DISRUPTION TO LOCAL ECONOMIC DEVELOPMENT PLANS CAUSED
BY DISRUPTIONS IN SUPPLY OF CRITICAL RAW MATERIALS, BUT IT MAY
BE SOME TIME BEFORE THEY WILLING PUBLICLY ADMIT THIS AT ALL
SIMILAR OR RELATED TO OIL PRICE AND SUPPLY PROBLEMS.
STOLTZFUS

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